

# **Senator Lisa Murkowski**

## **World Trade Center Alaska**

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### ***Remarks As Prepared***

Thank you for the invitation to be with you today. I would particularly like to thank Greg Wolf for putting this event together, and also for agreeing to testify before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs when we held a field hearing here in Anchorage this past December.

As many of you know, I had the opportunity to travel to Seoul, Tokyo, and Beijing in mid-January. It was my first trip to the region in my capacity as chair of that subcommittee and the main purpose was to introduce myself to my counterparts in each nation's respective executive and legislative bodies.

To give you a quick overview of my trip, in my one day in Korea, I had meetings with the Acting Minister of Unification, the Minister of Foreign Affairs, leading members of the National Assembly including the heads of both the ruling and opposition parties, as well as a visit to the U.S. Forces Korea headquarters.

In addition, I was especially honored to meet with the President of South Korea, Roh Moo-hyun . I expected my meeting with President Roh to be just a short courtesy visit, but we ended up having a very frank conversation that lasted over an hour. It is probably no surprise that the topic of North Korea dominated each of my meetings and I will return to that issue shortly.

I was also grateful to be the guest of honor at a reception that evening hosted by our Ambassador, Alexander Vershbow. I am pleased to report that Alaska salmon was served. Among other guests, I had the opportunity to meet with purchasers of Alaska seafood, purchasers of Alaska coal, and the President of Korea Airlines to discuss the potential for

Korea to participate in the Visa Waiver Program. All-in-all the evening was very productive and I believe I made a few dollars for the State.

After my day in Seoul I went to Tokyo, where on my first night I was pleased to be able to have dinner with Consul General Aoki, who just recently left us. Make no mistake; in each of my meetings with members of the Ministry of Foreign Affairs, I mentioned how hopeful Alaska is that Tokyo will reconsider its decision to downgrade its consul office here in Anchorage.

My one full day in Tokyo was packed, meeting with a Senior Vice Minister in the Ministry of Agriculture to talk about whaling, fisheries, and sea urchins – yes sea urchins; I had meetings with officials in the Japan Defense Agency to talk about missile defense and Japan's participation in Cope Thunder; I met with senior officials at the Ministry of Economics, Trade, and Industry (METI) to talk about energy cooperation and how Alaska and Japan could work together to become more energy efficient, and I had multiple meetings at the Ministry of Foreign Affairs, including with newly appointed Foreign Minister Taro Aso. Let me tell you, the guards at the entrance to the Foreign Affairs building got to know me very well.

In between all of that I had the opportunity to visit the Alaska Trade Office in Tokyo and I do not hesitate to urge our State Legislature to continue to fund this important office. It was noted at several meetings that for the first time, the number of deaths in Japan outpaced the number of births. With an aging population that trend is likely to continue. And with a declining population, the market for Alaskan salmon in Japan is not going to get any larger than it is today.

We face increased competition from farmed salmon, and in today's global marketplace we also must compete for a consumer that has more food choices than ever before. Fortunately, the Japanese consumer is also a smart consumer and they value the safety and health aspects that Alaskan wild salmon provides. Still, we must reinforce this mentality and having a continued presence in Japan is a must.

After that full day, I traveled on to Beijing just one day after news broke that Kim Jong-il had decided to take a train trip through China. I stayed on the lookout but our paths did not cross.

I did, however, have some extremely good meetings with senior members of the National People's Congress, including Wu Bangguo, the Chair of the NPC and the second highest official in the Chinese Government. Members of the Chinese legislative body are very supportive of the relatively new U.S.-China Interparliamentary Group headed by Senator Stevens and I believe that as there is more interaction between our legislative bodies, we will be able to better understand each other's concerns.

I was also pleased to meet with Mr. Zhang Guobao, whom everyone calls China's Mr. Energy. Mr. Zhang basically determines China's future energy policy and in what technologies China will invest in. I was pleased to learn that Mr. Zhang has been to Alaska and he has traveled to the North Slope. He has seen what we are able to do in our oil and gas industry and came away very impressed. I believe it is nothing short of an understatement to say the opportunity for cooperation between the United States and China – between Alaska and China – on energy technology is tremendous.

There are plenty of details that I could go into regarding my meetings, and I am happy to do so if there are any questions about them. But first, I would like to step back from the individual countries and look at the region as a whole.

It is clear there are tensions in the region between the "big three." Mostly they stem from Japanese Prime Minister Koizumi's continued visits to the Yasukuni Shrine, which, while enshrining many of Japan's war heroes, also contains fourteen class A war criminals. For nations like China and Korea who suffered from past Japanese aggression, the visits to the shrine are a slap in the face and a continuous reminder of their past occupation and the atrocities committed against their people.

Each of the three nations says that good relations with their neighbors is of paramount importance, yet none are willing to take the first step to rectify the current situation. China says that the present difficulties are not attributable to China. That what is important is that the Japanese leader changes his actions. The President of Korea refuses to meet with Prime Minister Koizumi, and if you consider President Roh's background as a human rights lawyer there is a bit of a personal sentiment to the issue. And Japan basically says they cannot accept China and Korea's position and there are no mutual understandings on this subject.

Beyond the Yasukuni Shrine, you've got Japan as the traditional economic power in the region who is finally seeing their economy grow again. You've got an emerging economic power in China who just recently became the fourth largest economy in the world and has overtaken the United States as Japan and Korea's largest trading partner. Japan is quick to remind those who will listen, however, that their economy is still three times the size of China's. And there is Korea, trying hard not to be overlooked in the region by promoting their goal of becoming the trade hub of East Asia.

As China moves to expand its influence in the region through economic investment and military cooperation agreements, Japan has responded with not just increased overseas development assistance of its own, but it has also moved closer toward the United States on trade and defense issues. China successfully kept the United States out of the East Asia Economic Summit so that it might dominate the proceedings, but Japan was able to include Australia and New Zealand to help balance the table.

Last year Japan sought to gain a permanent seat on the United Nations Security Council, but backroom efforts by China through their influence in Africa helped derail that bid. Korea is currently putting its Foreign Minister, Ban Ki-moon, forward as a leading candidate to become the next U.N. Secretary General. It remains to be seen if Japan and China will embrace Minister Ban as the Asian candidate.

But even with these considerable disagreements and competition for influence in the region, there was one issue that all parties agreed resulted in beneficial joint cooperation and coordination – the six-party talks on North Korea's nuclear program.

Now it is no surprise that each of the participants is a party to the talks for different reasons than the United States.

In just about every meeting I went to in Beijing, it was impressed upon me how much China needs long-term regional peace and stability. With 24 million people looking for new jobs each year, even an annual economic growth rate of 8-9% will only create 9-10 million jobs – far short of what the Communist Party needs to maintain stability and control. Having to monitor their border with North Korea, or deal with a collapse of the Kim Jong-il regime, is not in Beijing's interests.

Nor does Beijing want to see North Korea retain its nuclear program because Japan and South Korea may very well follow suit. The 1998 Taepo Dong missile launch over Japan really changed the mindset of the Japanese public. Spending on defense measures is much easier to obtain, as was the passage of laws that allow greater military activity outside of Japan. Public support for a nuclear weapons program to counteract North Korea may not be far behind.

Seoul is deathly afraid that if the talks do not succeed, Beijing will increase its influence over North Korea to Seoul's detriment. Thus the ability to conduct joint talks where each party is in unison has great appeal to them. In addition, Seoul is focused on the potential reunification of North and South Korea, making the use of force, in Seoul's view, not an option.

Japan's view of North Korea is probably the most similar to the United States'. While they have been holding bilateral talks with Pyongyang to discuss the normalization of relations, the abduction of Japanese citizens, and security issues, they have been insistent that the six-party talks take top priority.

But even as there is recognition of the benefits of the six-party talks, cracks are showing in the alliance and North Korea is trying very hard to widen those gaps. And that is where, I believe, Alaska has an important role to play.

The United States has expressed considerable concern about North Korea's nuclear weapons program. As North Korea develops missiles with greater ranges, our threat perception of being vulnerable to a nuclear strike increases. But for South Korea, a North Korean nuclear program does not increase their threat perception at all – they've always been in Pyongyang's cross sights through the use of conventional weapons.

Seoul is roughly 30 miles south of the demilitarized zone (DMZ). 70% of North Korea's military are within 40 miles of the Korean border. That puts Seoul, and over 10 million Koreans, well within North Korean missile range. That is a threat the Korean people have woken up to every day for the past 53 years. Quite frankly, it is a threat that many of the younger generations, who were not around for the Korean War, do not believe is realistic. They are more focused on economics, making money, and what a potential reunification of the Korean Peninsula would mean to them.

Likewise, the purpose of our troops on the Korean Peninsula is shifting. In my meeting with U.S. Forces Korea, I was told that there is no longer a shared vision with our South Korean hosts of what the threat is. Much like NATO, we need to redefine our alliance not for what we stand against, but what we stand for. Clearly, South Korea's view of the threat posed by North Korea is not that same as the United States'.

From China's point of view, they are concerned that action by the United States on the counterfeit currency issue is harming their ability to bring Pyongyang back to the negotiating table. I was told that Beijing is working on their North Korean counterparts in their own ways and that the U.S. must trust China to bring the talks back on track. Basically, the message was that if the United States would stop making a mess of things, they could get the

talks going again and the overall chance of achieving peace, stability, and denuclearization is good.

And from Japan's perspective, while they support a unified approach in the six-party talks, they are also under tremendous pressure from their citizens to pressure North Korea on the abduction issue. While the six-party talks are bigger in a security context, Japan views the humanitarian aspect of the abduction issue as just as important. If the United States is going to bring up the issue of counterfeit currency in the six-party context, then Japan will want their abduction issue included as well.

So there is a growing split on what the approach to dealing with North Korea should be, and it is a split that offers opportunity to us here in Alaska to shape the United States' response.

Do we stand firm in our approach, insisting that North Korea take unilateral action to meet the United States' demands, or do we give North Korea something to hang their hat on? Washington needs to hear from the State that has the most at risk in this exchange and I would like to share my thoughts with you on the direction we should take.

I will start with the premise that negotiating with North Korea can be the most mind-boggling frustrating experience you can imagine – somewhat like negotiating a natural gas pipeline deal.

North Korea routinely engages in a brinkmanship negotiating style where they create a contentious situation in order to gain concessions from interested parties. In my view, the Bush Administration's unwillingness to go along with this ploy, and instead insist that negotiations take place through the six-party talks is a tremendous credit to the President. North Korea has realized that they cannot threaten and bluster their way to additional compromises when they are faced with the unified front of its neighbors, its most important trading partners, and its sources of economic and financial assistance.

The agreement that was reached in September through the six-party talks was hailed by all of the officials I visited with. They were sincerely pleased that the principle of denuclearization was agreed to. The question was how to implement it. Each of the parties is of the mind set that North Korea knew what it agreed to, and Pyongyang's bluster shortly after the agreement was simply that – bluster. In South Korea and China's view, the introduction of the counterfeit currency issue only gives North Korea an excuse not to return to the table. They urge the United States to prioritize its goals and have patience with the talks.

I agree. The United States must focus its efforts toward North Korea first and foremost on the nuclear issue. While the issues of currency counterfeiting, weapons proliferation, and human rights are all very important, the reality is that without an agreement on the primary source of irritation, there will be no progress on the other issues either. We need to solve the nuclear issue first, and then concentrate on getting North Korea to act on other areas of concern.

Too often in this age of the internet, instant messaging, and twenty-four hour service, we in Congress and the United States expect immediate results from our efforts. But sometimes we need to step back and see the forest instead of the trees. We need to recognize that it took four rounds of talks just to reach an agreement on the principle of North Korea's denuclearization – but that was progress. It has been 53 years since the end of the Korean War. That is 53 years of mutual distrust which is not going to be resolved overnight.

That concept also leads me to the second premise my thoughts are based on: the number one objective of Pyongyang is the preservation of the Kim il-Sung and Kim Jong-il regime. This is a regime that if it is about to collapse, will be looking around to see who they can bring down with them.

I was told quite bluntly by individuals who have traveled to Pyongyang and met with Kim Jong-il that North Korea does not believe the United States will abandon the notion of attacking North Korea. On the other end of the spectrum, following North Korea's violation of the 1994 Agreed Framework that froze its nuclear program, there is little trust by the



United States for North Korea. Add to that the United States' rejection of an action-for-action, commitment-for-commitment strategy put forward by our allies to the talks and there is little opportunity for trust to develop.

I do believe North Korea wants some degree of normalization of relations to happen; but they are not willing to "lose face" by unilaterally acquiescing to the United States' demands. I believe this desire for normal relations was evident when they eagerly pointed to the respect President Bush showed their leader by calling him "Mr." Kim Jong-il at one point last year. Their enthusiasm quickly dissipated when they realized the remark was in jest.

North Korea has expressed desire for our lead negotiator to the six-party talks, Chris Hill, to visit Pyongyang in what would be a trust-building exercise – an invitation Ambassador Hill is willing to accept, but the Administration has rejected.

Kim Jong-il has taken several trips to China and Russia in the past few years to study their economies. Pyongyang is highly aware of what is going on in the outside world and these visits indicate a willingness to consider outside ideas. For a country whose official ideology is *juche*, which roughly translated means self-reliance, looking to other countries for ideas is a significant step forward.

There are signs that Pyongyang is allowing some economic reform – not a free market by any stretch of the imagination, but there are reports that shop keepers in the North are offering products "on sale" with discounted prices. A practice previously unheard of.

So I think there is willingness by North Korea to implement change. They are not averse to listening to the advice of outside parties. As each of the parties to the six-party talks noted, North Korea knows what it signed up for in the last round of six-party talks where an agreement in principle was reached for the denuclearization of North Korea. They know what their commitments are.

“Silly woman” some might say – this is North Korea’s game. They make you think you have a commitment in order to gain concessions, and then back out unless you give them more. And that is certainly true on the bilateral sense. Through the six-party talks, however, North Korea must face up to much more than one nation throwing up its hands in frustration.

In my meetings with the leaders of China and South Korea, I was told that if North Korea is dealt with in good faith, neither China nor South Korea are willing to let North Korea back out of its commitments. It would simply be too much of an embarrassment to them.

When North Korea reneged on its 1994 commitment to freeze its nuclear program, the only nation that sought action against North Korea for their conduct was the United States. The difference between the commitments made in 1994, and the agreement last September, is the use of the six-party talks. Now, a breach of faith would be felt by five nations, including North Korea’s leading sources of energy, food aid, and financial assistance. North Korea knows it cannot spurn China or South Korea without significant impact to itself.

I am not advocating giving in to North Korea’s demands when they have done nothing in return.

What I am advocating for is the willingness of the United States to take confidence and trust building steps with North Korea within the context of the six-party talks, such as having our negotiator go to Pyongyang. This is not a tremendous give – it does not commit the United States to anything other than an expression of willingness to improve the current situation, and I want to believe that is the goal of the United States.

We must also be consistent in our actions and in our statements. Our negotiators can say one thing, only to have their North Korean counterparts point to a contradictory statement made by an Administration official in the same time frame that lets North Korea off the hook. Any commitment they may have made, they can now play the, “you say this but you don’t mean it” card.

And beyond the negotiation aspect, we in Alaska need to be thinking about our own back yard. North Korea should not be kept guessing what our intentions toward it are – with a regime that is only concerned with its own survival, that is not a position Alaska should be faced with.

We have all seen North Korea waffle on its promises in the past. We know they are difficult to pin down on their commitments. But considering the options to the six-party talks, we are better off continuing to push forward with this effort.

The United States has worked hard to develop a unified stance with our partners in the six-party talks. We have all of the right players on our side. Now we must keep them there. We need to prioritize our goals; engage North Korea in confidence and trust building activities; and be consistent in our statements.

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